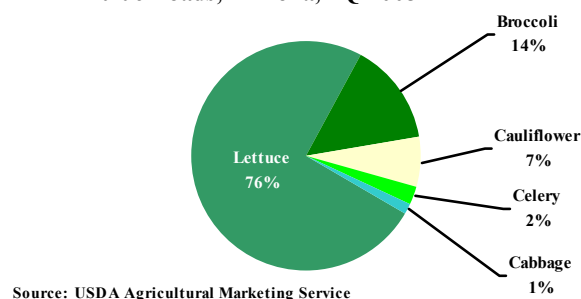


Four times a year, USDA's Refrigerated Transport Quarterly (RTQ) provides a view of refrigerated truckload movements, in terms of volume and rates, to gauge the component of truck transportation that serves fresh fruit and vegetable markets. The RTQ highlights the major produce shipping regions, including Arizona, California, Florida, the Pacific Northwest, Texas, and Mexico. The RTQ also features a rotating regional focus and a review of relevant issues that impact fresh fruit and vegetable truck transportation.

Total Refrigerated Truckloads -- 1Q 2003

Refrigerated Truckloads Decrease as Rates Rise in 1Q 2003. The top fruit and vegetable regions in the United States report that refrigerated agricultural shipments decreased in the first quarter (1Q) of 2003, compared with last year at this time. Of the seven fresh fruit and vegetable commodity regions tracked by this report, measured in terms of volume by weight, 5.08 million tons of fresh fruits and vegetables were shipped in 1Q 2003, compared with 5.12 million tons shipped in 1Q 2002. Regionally, as these volumes are converted into truckloads (TL), some other changes emerged. Fresh celery refrigerated TLs gained in both the Arizona and central California regions. Refrigerated cabbage TLs declined in Florida and Texas. Southern California fresh strawberries reported significant growth, compared with last year at this time. Refrigerated truck rates also indicated changes during 1Q. Refrigerated motor carrier transportation rates reported quarter-to-quarter and year-to-year increases.

Figure 1. Percentage share of refrigerated truckloads, Arizona, 1Q 2003



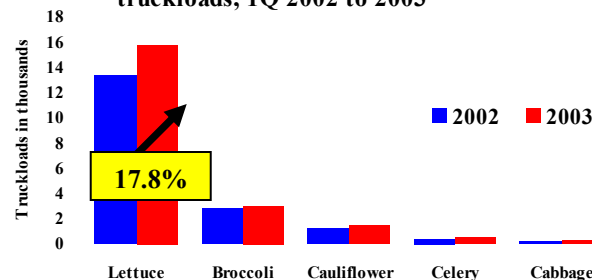
The top five refrigerated TL commodities tracked by USDA in this region indicate Arizona lettuce shipments grew in 1Q from 13,373 TLs in 2002 to 15,753 TLs in 2003, a 17.8-percent gain (see figure 2).

Regional Refrigerated Truckloads -- 1Q 2003

Arizona TLs

Arizona head-lettuce remains the dominant refrigerated TL commodity moving from this region in 1Q 2003, capturing a 76-percent share of the refrigerated TL market (see figure 1).

Figure 2. Top five Arizona refrigerated truckloads, 1Q 2002 to 2003

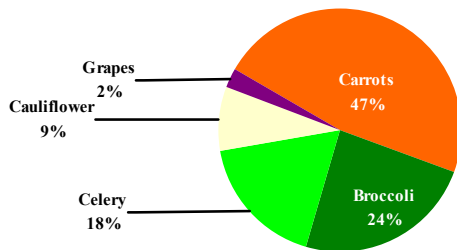


Regional Refrigerated Truckloads -- 1Q 2003

California TLs

Central California carrots remain the top produce TL commodity from this region in 1Q 2003 with a 47-percent share of the market (see figure 3).

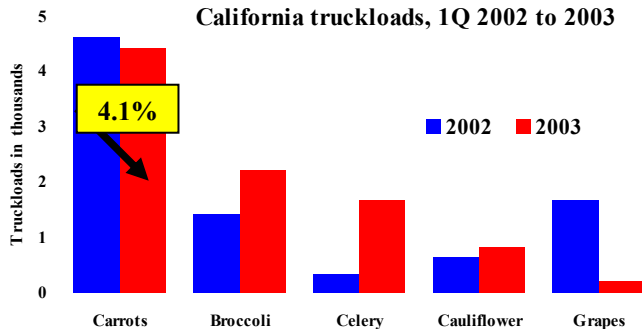
Figure 3. Percentage share of refrigerated truckloads, central California, 1Q 2003



Source: USDA Agricultural Marketing Service

The top five refrigerated TL commodities tracked by USDA in central California show carrot shipments in 1Q decreased from 4,620 TLs in 2002 to 4,427 TLs in 2003, a 4.1-percent decline. Central California celery moved higher during this period, compared with last year. However, last year celery in this region ended harvest in February, which accounts for the larger refrigerated TL volumes for 1Q 2003, compared with 2002 (see figure 4).

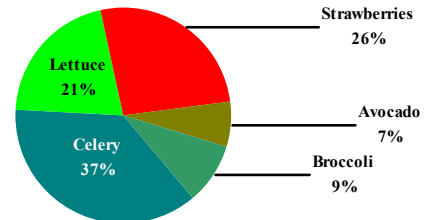
Figure 4. Top five refrigerated central California truckloads, 1Q 2002 to 2003



Source: USDA Agricultural Marketing Service

Southern California celery remains the top refrigerated TL commodity from this region in 1Q 2003 with a 37-percent share of the market. Strawberries hold a 26-percent share of the market (see figure 5).

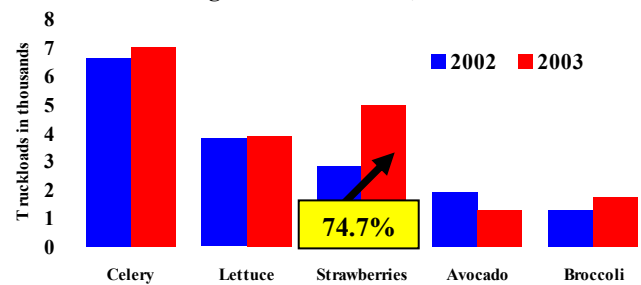
Figure 5. Percentage share of refrigerated truckloads, southern California, 1Q 2003



Source: USDA Agricultural Marketing Service

Of the top five southern California refrigerated TL commodities tracked by USDA, strawberries showed remarkable growth during 1Q, compared with last year. Strawberries in 1Q 2003 improved by 2,122 TLs, compared with 2002, for a total of 4,964 TLs. This represents a nearly 75-percent increase (see figure 6).

Figure 6. Top five southern California refrigerated truckloads, 1Q 2002 to 2003



Source: USDA Agricultural Marketing Service

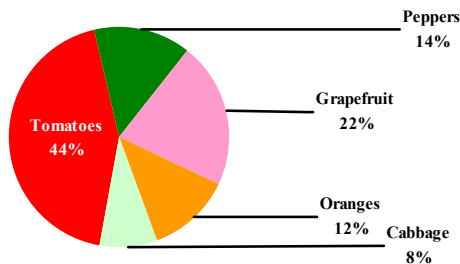
RTQ is produced by USDA's Agricultural Marketing Service, Transportation and Marketing Programs, Transportation Services Branch, 1400 Independence Avenue, SW, Room 1203-S, Washington, DC 20250-0266. For questions or comments or to offer feedback, please contact Jim Del Ciello at (202) 720-1378.

Regional Refrigerated Truckloads -- 1Q 2003

Florida TLs

Florida's refrigerated TL mix was generally more balanced in 1Q 2003, compared with all other reported regions, with double-digit percentage shares reported in the refrigerated TL market. Florida tomatoes remain the top commodity in 1Q 2003 at 44 percent, followed by grapefruit at 22 percent, peppers at 14 percent, oranges at 12 percent, and cabbage at 8 percent (see figure 7).

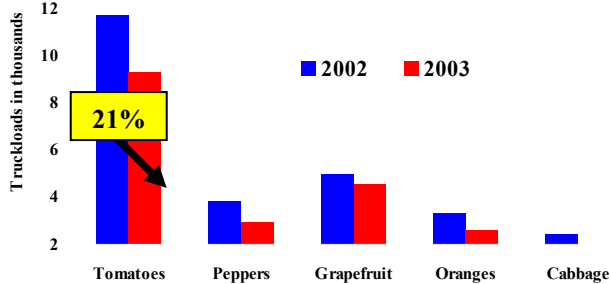
Figure 7. Percentage share of refrigerated truckloads, Florida, 1Q 2003



Source: USDA Agricultural Marketing Service

This commodity balance in Florida, however, also indicates a decrease in the same refrigerated TL shipments in 1Q 2003, compared with 2002. Florida tomatoes had the largest drop to 9,260 refrigerated TLs in 1Q 2003, a 21-percent decline (see figure 8).

Figure 8. Top five Florida refrigerated truckloads, 1Q 2002 to 2003

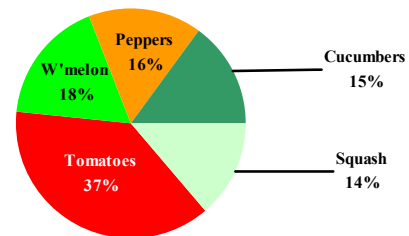


Source: USDA Agricultural Marketing Service

Mexico TLs

Mexico's refrigerated TL commodities remain relatively unchanged during 1Q 2003. Mexican tomatoes retain the largest share of refrigerated TL commodity shipments from Mexico in 1Q 2003 at 37 percent (see figure 9).

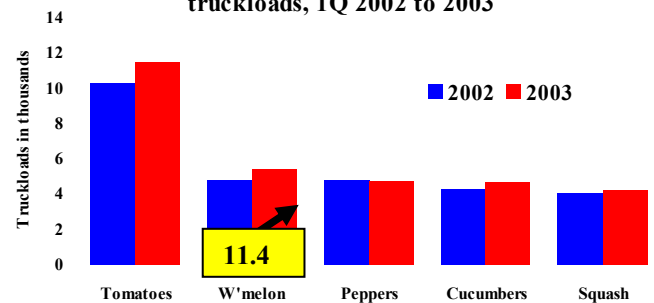
Figure 9. Percentage share of refrigerated truckloads, Mexico, 1Q 2003



Source: USDA Agricultural Marketing Service

Watermelon TLs had the largest increase from 4,851 in 2002 to 5,403 in 2003, an 11.4-percent gain (see figure 10).

Figure 10. Top five Mexican refrigerated truckloads, 1Q 2002 to 2003



Source: USDA Agricultural Marketing Service

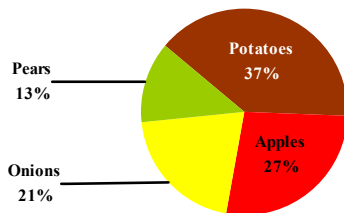
Access the appendix to this report for a complete list of the select regional TL commodities tracked by USDA with TL calculations and truck shipment listings for 1Q 2002 and 2003.

Regional Refrigerated Truckloads -- 1Q 2003

Pacific Northwest TLs

The **Pacific Northwest (PNW)**, which includes Idaho, Oregon, and Washington, shows potatoes rank first with a 37-percent share of the refrigerated TL market, while apples hold a 27-percent share (see figure 11).

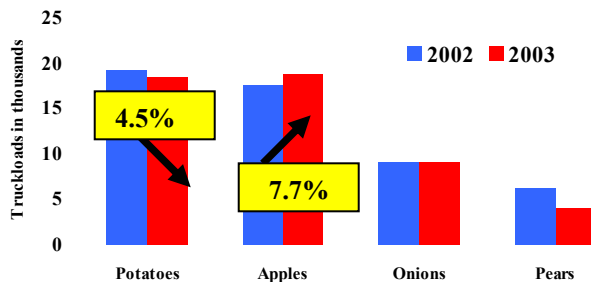
Figure 11. Percentage share of refrigerated truckloads, Pacific Northwest, 1Q 2003



Source: USDA Agricultural Marketing Service

Apple shipments grew in 1Q by approximately 1,345 TLs from 17,446 TLs in 2002 to 18,791 TLs in 2003, a 7.7-percent increase. Potato shipments in 1Q 2003 declined by approximately 4.5 percent. Potato volumes in 1Q 2002 were 19,178 TLs, compared with 18,316 TLs in 2003 (see figure 12).

Figure 12. Top Pacific Northwest refrigerated truckloads, 1Q 2002 to 2003

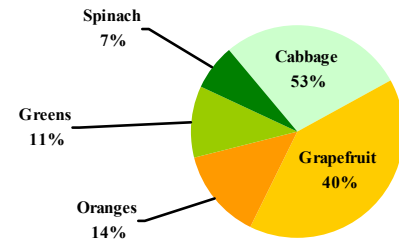


Source: USDA Agricultural Marketing Service

Texas TLs

The top refrigerated produce commodity in **Texas** during 1Q is cabbage with a 53-percent share of the regional refrigerated TL market. Grapefruit also has a substantial share at 40 percent (see figure 13).

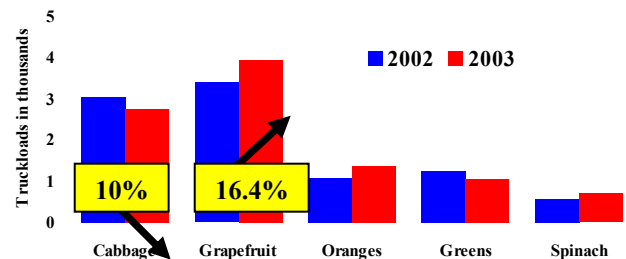
Figure 13. Percentage share of top five refrigerated truckloads, Texas, 1Q 2003



Source: USDA Agricultural Marketing Service

Similar to Florida's refrigerated TL cabbage shipments, Texas' cabbage TL volumes dropped during 1Q 2003. Texas cabbage declined by 10 percent from 3,072 TLs in 2002 to 2,759 TLs in 2003. Grapefruit shipments increased in 1Q by 16.4 percent from 3,402 TLs in 2002 to 3,960 TLs during 1Q 2003 (see figure 14).

Figure 14. Top five Texas refrigerated truckloads, 1Q 2002 to 2003



Source: USDA Agricultural Marketing Service

Refrigerated Truckload Rates -- 1Q 2003

Year-to-Year Quarterly Rates Increased. In general, yearly refrigerated produce transportation rates tracked by USDA increased during 1Q 2003, compared with last year. Fifteen out of nineteen origin/destination (O/D) commodity pairs indexed reported rate increases for fresh produce commodities from 2002 to 2003 (see table 1).

Quarter-to-Quarter Rates Increased. Overall, quarterly rates from 4Q 2002 to 1Q 2003 also increased. Twelve out of nineteen O/D pairs rose (see table 1).

Table 1. Fruit & vegetable truck rate index

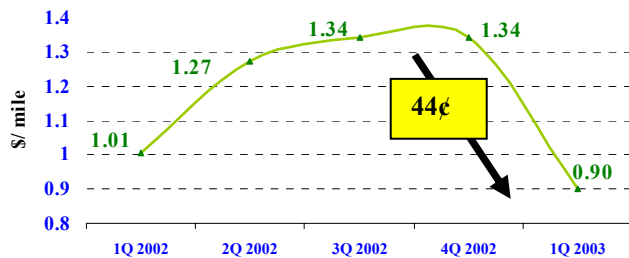
	Origin	Destination	(\$ Rates 2002				2003	Miles	(\$ Rates per mile 2002				2003	4Q to 1Q	1Q '02 to '03
			1Q	2Q	3Q	4Q	1Q		1Q	2Q	3Q	4Q	1Q		
Citrus fruit	Southern California	Atlanta	2,546	3,149	3,585	2,836	2,846	2,156	1.18	1.46	1.66	1.32	1.36	▲	▲
		New York	3,042	3,765	4,520	3,745	3,615	2,776	1.10	1.36	1.63	1.35	1.33	▼	▲
	Texas	New York	2,356	2,619	2,550	2,325	2,492	2,092	1.13	1.25	1.22	1.11	1.21	▲	▲
Mixed vegetables	Arizona	New York	3,188	3,792	4,650	3,729	2,419	2,543	1.25	1.49	1.83	1.47	1.20	▼	▼
	Central California	Atlanta	2,800	3,477	3,662	2,925	3,631	2,328	1.20	1.49	1.57	1.26	1.37	▲	▲
		Chicago	2,496	3,082	3,204	2,450	3,100	2,148	1.16	1.43	1.49	1.14	1.30	▲	▲
		New York	3,756	3,285	4,385	3,483	2,650	2,944	1.28	1.12	1.49	1.18	1.18	▲	—
	Florida	Chicago	1,477	1,711	1,711	1,388	1,712	1,380	1.07	1.24	1.24	1.01	1.24	▲	▲
		New York	1,777	2,244	2,244	1,820	1,887	1,293	1.37	1.74	1.74	1.41	1.46	▲	▲
	Southern California	Atlanta	2,591	2,575	2,575	2,988	3,900	2,156	1.20	1.19	1.19	1.39	1.32	▼	▲
		New York	2,616	3,300	3,300	3,863	2,423	2,776	0.94	1.19	1.19	1.39	1.19	▼	▲
	Texas	New York	2,669	2,647	2,647	2,325	3,688	2,006	1.33	1.32	1.32	1.16	1.36	▲	▲
	Potatoes	Pacific Northwest	Atlanta	2,356	2,293	2,350	2,378	2,380	2,033	1.16	1.13	1.16	1.17	0.92	▼
New York	2,356		2,981	3,144	3,142	1,853	2,344	1.01	1.27	1.34	1.34	0.90	▼	▼	
Tree fruit	Central California	Atlanta	2,542	3,560	3,823	3,004	2,442	2,328	1.09	1.53	1.64	1.29	1.19	▲	▲
		Chicago	2,183	3,170	3,245	2,475	2,862	2,148	1.02	1.48	1.51	1.15	1.37	▲	▲
		New York	3,379	4,505	4,570	3,783	2,415	2,944	1.15	1.53	1.55	1.29	1.18	▲	▲
	Pacific Northwest	Atlanta	3,411	3,154	3,316	3,527	3,700	2,535	1.35	1.24	1.31	1.39	1.36	▼	▲
		New York	3,652	3,767	3,850	3,972	4,038	2,849	1.28	1.32	1.35	1.39	1.45	▲	▲

Source: USDA, Agricultural Marketing Service, Fruit and Vegetable Programs, Market News Branch. Access the weekly reports online at www.ams.usda.gov/mnreports/wa_fv190.txt. For details see Explanatory Notes.

Regional Refrigerated TL Rates – 1Q 2003

Regionally, **PNW** rates for potatoes moving to Chicago showed the largest quarterly rate-per-mile decrease, reporting a difference of 44 cents between 4Q 2002 and 1Q 2003 (see figure 15).

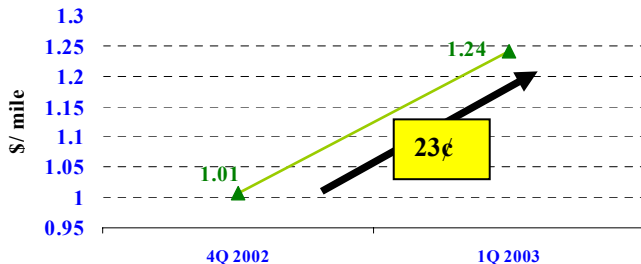
Figure 15. Year-to-year PNW potatoes rates to New York



Source: USDA Agricultural Marketing Service

The largest quarterly rate-per-mile increase was reported in **Florida** for mixed vegetable refrigerated shipments moving to Chicago with a 23-cent increase from \$1.01 in 4Q 2002 to \$1.24 in 1Q 2003 (see figure 16).

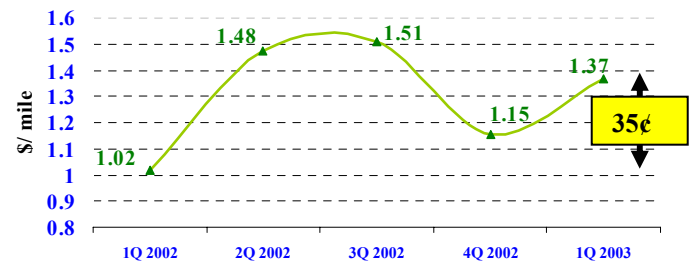
Figure 16. Quarter-to-quarter Florida mixed vegetables rates to Chicago



Source: USDA Agricultural Marketing Service

The largest year-to-year rate increase for one commodity group was reported for **central California** tree fruit products moving to Chicago. California tree fruit rates grew by 34 percent. The rate was reported at \$1.02 per mile in 1Q 2002, compared with \$1.37 per mile in 1Q 2003, up 35 cents (see figure 17).

Figure 17. Year-to-year central California tree fruit rates to Chicago



Source: USDA Agricultural Marketing Service

Regional Refrigerated Focus – 1Q 2003

Mexican Produce

The continued growth of the Mexican produce trade, moving as refrigerated mixed vegetable shipments across the U.S.-Mexico border, is featured here for the Refrigerated Regional Focus in 1Q 2003. Fresh Mexican agricultural goods move across the U.S. border through Laredo, TX; McAllen, TX; Nogales, AZ; and Yerba Buena, CA. However, the primary focus here will be on refrigerated TL movements from Mexico through Nogales, AZ.

Mexican Produce Is Growing. Refrigerated agricultural imports from Mexico grew 8.49 percent between the 2000 and 2002 shipping seasons (see table 2).

Table 2. Refrigerated Mexican fruit & vegetable shipments			
Year	2000	2001	2002
Total refrigerated trucking tons	3,666,050	3,778,300	3,977,150

Source: USDA Agricultural Marketing Service

Mexican imports provide a ready supply of fresh produce to U.S. consumers each year during 1Q. The consistent quantities and diversity of produce commodities create a robust market, as shipping volumes from other U.S. regions subside during the quarter.

Regional Refrigerated Focus – 1Q 2003

A Significant Amount of Mexican Trade Is

Agriculture. USDA estimates that each year nearly 20 percent of the freight moving out of Mexico consists of refrigerated loads of fresh fruits and vegetables bound for U.S. markets. Much of this trade occurs at the Arizona border in Nogales.

U.S. and Mexican Authorities Sign Tomato

Agreement. Just before 1Q 2003, the U.S. Department of Commerce and Mexican officials representing Mexican agricultural shippers signed an agreement, replacing an earlier agreement, to suspend an agricultural trade infringement investigation on fresh tomatoes moving from Mexico into the United States. In essence, these agreements hold U.S. trade investigations in abeyance and require Mexican tomato pricing above certain levels. As noted above, there are more tomatoes shipped from Mexico than any other fresh commodity.

1Q 2003 Shipping Volumes

Mexican TLs overall registered an 8.72-percent growth in refrigerated TL movements in 1Q 2003, compared with the same time last year, as refrigerated TLs rose from 38,165 in 2002 to 41,493 in 2003. Specifically, the top 10 Mexican refrigerated produce shipments totaled 41,493 truckloads in 1Q 2003 (see table 3).

Table 3. Mexico's top refrigerated truckloads, 1Q 2003

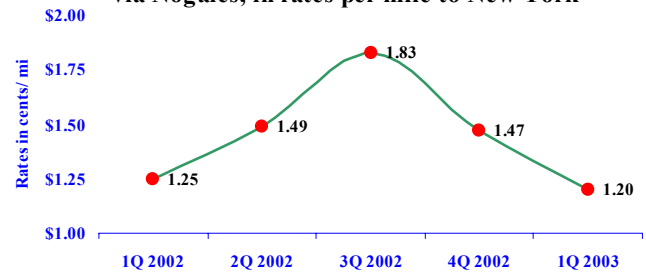
Rank	Commodity	Truckloads
1	Tomatoes	11,477
2	Watermelon	5,403
3	Peppers	4,751
4	Cucumbers	4,634
5	Squash	4,197
6	Limes	3,958
7	Broccoli	2,121
8	Asparagus	1,896
9	Onion-dry	1,754
10	Corn-sweet	1,302
Total		41,493

Source: USDA Agricultural Marketing Service

Recent Pricing and Shipping Rates

Rates peaked during 3Q 2002 at \$1.83 per mile. Rates then receded to near 2Q rates at \$1.47 in 4Q. Rates stabilized in 1Q 2003 at \$1.20 (see table 1 and figure 18).

Figure 18. Refrigerated Mexican vegetables via Nogales, in rates per mile to New York



Source: USDA Agricultural Marketing Service

The Mexican truck rates exhibit the same patterns as refrigerated mixed vegetable truck shipments from California to New York.

A key point of interest may be a comparison between Texas rates and Arizona rates. As table 1 indicates, while Mexican produce must travel a longer distance from Nogales, AZ, than from McAllen, TX, to New York, NY, the rates from McAllen are actually higher, both quarter-to-quarter and year-to-year.

It cannot be determined from these data why rates from McAllen, TX, are higher, but some sources note that Nogales, AZ, has greater economies of scale. In other words, the large amounts of Mexican produce, in terms of volume, allow transportation service providers an opportunity to bargain down rates due to the reliable and consistent truckloads moving across the border.

Refrigerated Industry Issues -- 1Q 2003

DOT Announces New Truck Regulations. Recently, the U.S. Department of Transportation (DOT), Federal Motor Carrier Safety Administration (FMCSA), announced a substantial change in truck driving rules. The announcement marks the first significant change in truck driving rules in over 64 years. The rule allows truckers up to 11 on-duty driving hours but only after 10 consecutive hours of off-duty time.

Refrigerated Industry Issues -- 1Q 2003

The previous rules carried various exemptions, one of which applied to agricultural trucking firms through the Highway Designation Act of 1995. The exemption permitted drivers for agricultural transportation and marketing operations unlimited on-duty driving hours during the planting and harvesting seasons so long as transportation activities occurred within a 100-mile radius from farms or agricultural distribution centers. Even though USDA had argued to preserve the exemption in recent years, FMCSA had indicated it planned to abandon the exemption. With the new rules, however, agriculture's exemption is preserved. It is estimated that 89 percent of all produce is transported by truck.

Some other important points in the rule are noted below:

- Driving is permitted 7 days a week, for a total of 60 hours.
- Alternatively, cumulative work for 8 days is permitted but only up to 70 hours.
- No nighttime or weekend restrictions apply.
- No in-cabin electronic monitors are required for compliance due to technological and privacy concerns.
- There is no change in team-driving requirements.
- On-duty status can be reset after 34 hours of continuous off-duty time.

DOT estimates the new rule will lower the cost of moving freight by 1 percent and contribute \$98 billion to the economy each year. DOT also estimates the new rule could save 75 lives and prevent as many as 1,326 fatigue-related crashes annually.

The new rules take effect in January 2004.

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